

What's Happening in Myanmar Market & Valuation

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Lump sum rent a growing problem for tenants

The Myanmar Times (Feb, 6, 2017)

賃貸借契約時の賃料一括払い(6 ヶ月~12 ヶ月分)の慣習がマーケットの健全な発展を阻害している。新法の整備により、近いうちに家賃は毎月払いが原則となることが望まれる。

Sakura Construction Firm Seeks Investors for \$300 Million Yangon Condo Project

Myanmar Business Today (06, Feb, 2017)

現地資本の Sakura Engineering and Construction が South Okkalapa において 10 エーカーの開発用地に高層マンションの開発を計画中。3 億ドルの資金調達が必要となる模様。

No drastic increase for Ministry of Construction budget

The Myanmar Times, (Feb, 13, 2017)

ミャンマー建設省の年度予算は昨年度比で大きく拡大される予定はないことが分かった。2017-2018 年度は、歳入が凡そ 17 兆チャットに対し歳出予想が 20 兆チャットを上回っており、赤字幅の拡大が懸念される。

Housing boss demands more land and investment

Eleven Myanmar, (Feb, 12, 2017)

ミャンマー建設省は、ヤンゴン市において今後 20 年を目処に人口が 1,000 万人を突破すると予測されている現状を踏まえ、今後 2 年間で 8,000 戸の低所得者向け賃貸住宅を整備することとしている。建設住宅開発銀行(CHDB)による 8 年又は 10 年償還の融資が実行できる模様。

FDI brings about property market boom

Eleven Myanmar (Feb, 12, 2017)

ミャンマー投資委員会(MIC)によれば、ミャンマーが海外投資先候補地として第 5 位にランクインした。国別投資額の上位は第 1 位がシンガポール、次いで香港、日本、英国、ベトナム、韓国の順となっている。

Yoma Central breaks ground in downtown Yangon

Mizzima (Feb, 17, 2017)

Yoma Strategic Holdings Co., Ltd 及び First Myanmar Investment Co., Ltd の 2 社による大規模複合開発プロジェクト「ヨーマ・セントラル」(旧称: ランドマーク・デベロップメント)の着工式が行われた。

Stalled housing projects in Yangon to resume

Eleven Myanmar (Feb, 21, 2017)

ヤンゴン市当局は、ヤンゴンにおける日本その他各国の政府支援により、お蔵入りしていた住宅建設プロジェクトを見直し、改めて実行に移す準備を始めている模様。中国や韓国の政府系機関も建設協力の名乗りを上げている。

Lump sum rent a growing problem for tenants

For Yangon's residential and business tenants, the longstanding arrangement of paying six month's rent or even a year's rent upfront is increasing as rents are rising in the commercial capital. As property prices are higher in these days, it pushes the rent up in Yangon. Therefore, putting down in lump sum payments of six months or one year is becoming difficult for city dwellers. According to the tenants, if they could pay the rent on a monthly basis, it would be fine. But, currently, as they cannot afford to pay the lump sum, they have to share the apartment with other families. The rigid rental arrangement risks push the low and middle income groups into the dilemma. Some tenants may ideally want to stay for around one or two months before making final decision to settle in or to relocate, because they could merely inspect the internal spaces before contracting the lease. Based on the current system, tenants lose all the paid amount if they decide to move out earlier. It is not only for rental residences but also it raises problems for those small and medium enterprises (SMEs) and entrepreneurs alike. Also the shopkeepers are confronted with a similar challenge which means the system adds to the difficulty of running a business. In fact, the current arrangement of the lump sum payment is technically illegal as the Urban Rent Control Act in 1960 states that the landlord is allowed to request only one month's deposit. The act aims to regulate the rental market, but it is not practically effective. The situation might change with the upcoming Real Estate Service Law according to MRESA (Myanmar Real Estate Service Associations). The new rules and regulations would deal with the lump sum payment scheme. As there is no exiting law or effective law for real estate sector at present, there are a lot of problems. The Parliamentary Commission for the Assessment of Legal Affairs and Special Issues, chaired by former speaker Thura U Shwe Mann, is in the process of drafting the Real estate Service Law. But, given the time consuming parliamentary procedures, the tenants in Yangon will have to continue with this arrangement of paying rental fees for a little longer.

Learnt From: Myanmar Times (February, 6, 2017)

Sakura Construction Firm Seeks Investors for \$300 Million Yangon Condo Project



Sakura Executive Condominium City (Mmbiztoday)

Local firm Sakura Engineering and Construction is looking for secure financing to develop the proposed \$300 million condo in Yangon. On a 10-acre site along the Pazundaung creek in South Okkalapa, 22 tower condo project known as Sakura Executive City is hoping to be built by Sakura Engineering and Construction, a subsidiary of Sakura Trade Centre. Before the rest of the funding from Global Treasure Bank (GTB) is secured, the President of Sakura Trade Center said they need \$30 million worth of financing, about 10 percent of the project. Therefore, they are seeking the overseas financing from Asian and European Banks. After initial financing, the project will be submitted with all requirements to the central bank. Although the project was approved by the previous government, the current government wants to review traffic assessments, sanitation, watertreatment and so on. The proposal is expected to be resubmitted in mid-March. Construction on Sakura Executive City will take five years and when it is completed, it will accommodate over 1,000 apartments, parking for 1,500 vehicles, swimming pool, a medical clinic and shopping centre. GTB is planning to offer customer loans for apartments with the payment in 10 to 20 year installments.

Learnt From: Myanmar Business Today (February, 6, 2017)

No drastic increase for Ministry of Construction budget

Under the Ministry of Construction, there have been more businesses planned in the current fiscal

year than previous years, ranging from nationwide residential projects, urban development schemes and to low-cost apartment ventures. Despite the new projects, the estimated budget expenditure for the upcoming fiscal year is similar to the budget for the preceding year. There were K503.068 billion for expenditure and K274.214 billion in revenue for the upcoming 2017-2018 fiscal year for the ministry of Construction. The ministry will run a deficit of over K200 billion (K229 billion) for 2017-2018. There are K63 million more in expenditure and K58.819 billion more in revenue compared to the preceding fiscal year. In order to develop 330 cities in the country, the Ministry aims to build 1 million of urban units as part of their urban expansion project. The project is hoped to complete by the end of 2030. Both the units and rooms to be built will serve not only governmental purposes but also for private ownership. Currently, a small portion of allocated budget spent on infrastructure development on Yangon which involves basic buildings, roads and bridges and housing schemes. Most of the allocated budget has been applied to other states and divisions. The Ministry had to use circulation capital to fund the housing projects as a consequence. According to the Ministry of Construction, Yangon region had dedicated 232 acres to affordable housing. The Ministry was provided K100 billions of circulating capital as to carry out Yangon's Housing and Urban Development Schemes. Now, the related projects had been accomplished. According to Vice President U Myint Swe who also serves as vice chair of the Financial Commission, the overall revenue for the fiscal year of 2017-2018 will be K16,768 billion, and the expenditure will be K20,896 billion. The budget proposals including revenue and expenditure reserved for the Ministry of Construction were devised as part of the Union budget. The Ministry of Planning and Finance and the Financial Commission will implement the budgetary measures step-by- step.

Learnt From: Myanmar Times (February, 13, 2017)

Housing boss demands more land and investment

According to the Ministry of Construction, lack of land and investment are inhibiting housing projects in Yangon. Developing low-cost and affordable housing projects faced difficulties while the private sector could satisfy the high-cost housing needs. Yangon is seemed to become a mega city with a population of more than 10 million in the coming 15 to 20 years. Therefore, the top priority of the government will be satisfying housing needs in Yangon. According to the YCDC, Yangon had population of one million in 1960, two million in 1970, three million in 1990, four million in 2000 and 5.14 million in 2010. As the population in Yangon is getting increase every year, the government is trying to build 8,000 low-cost apartments within two years, available with 8-to-10 year loans from the Construction and Housing Development Bank. It is needed to open a housing saving account at the bank with an initial deposit of Ks10, 000 and people can attempt to buy a home after depositing 30 percent of the apartment's value.

Learnt From: Eleven Myanmar (February, 12, 2017)

Real Estate Industry Group Sees Market Improving on Yangon's Outskirts in 2017

The real estate service providers in the region expected that the real estate market on the outskirts of Yangon's metropolitan area will improve in 2017. The prediction comes amid pessimism over foreign investment in the condo market. The real estate trade in Thanlyin, southeast of downtown area, had the good potential to attract the foreigners to make a lot of investments in Thilawa Special Economic Zone and Star City project located there. However, the unstable and unclear government policy causes the hesitancy among real estate providers and investors and hoping the government should provide protection for foreign investors to attract capital to the condo market. Nowadays, as the regional government is planning to expand satellite town projects in Dala, Kawmhu and Khum Chan Gone, it leads the real estate trade to do well there. However, it was important for authorities to provide both incentive and legal protections for foreign investors.

Learnt From: Myanmar Business Today (February, 13, 2017)

FDI brings about property market boom

As Myanmar sees a massive flow of foreign investments, the local property market especially in industrial zones is expected to be huge. The Myanmar Investment Commission's recent reforms and the new Myanmar Investment Law may have a huge effect on local property market. According to the Myanmar Citizens Law and the Foreign Investment Law, the ASEAN countries can now make their investments transparently as the laws are in accordance with the ASEAN and international standards. Because of the new law and the removal of sanctions imposed by the US, international investors are becoming interested in local markets. According to the MIC, local property market stands at 5th place on the foreign investors list. Although the inflow of foreign investments to the property market did slow down last year, the sector could create more than 60,000 new jobs this year, according to the House.com.mm. Singapore is the top investor in the property sector, followed by Hong Kong, Japan, UK, Vietnam and South Korea. The government will develop more low-cost housing projects. Currently, advanced housing and commercial complex markets are cooling down but these markets are expected to boom soon, according to a report issued by Oxford Business Group after the interviews with Union Construction Minister, Surbana Jurong Group CEO Wong Heang Fine and Meinhardt Group CEO Omar Shahzad.

Learnt From: Eleven Myanmar (February, 14, 2017)

Yoma Central breaks ground in downtown Yangon



Yoma Central (#mmbiztoday)

A few days ago, Yoma Strategic Holdings Co., Ltd and First Myanmar Investment Co., Ltd held a Groundbreaking Ceremony for Yoma Central, formerly known as the Landmark Development. Following the listing of the Landmark Projects as Permanent Investments, the group announced that it has received the Myanmar Investment Commission permits. Yoma Central is located on an approximately 10-acre site in the downtown, Yangon. The project is a dynamic collaboration between Yoma Strategic, FMI and their trusted partners- The Hong Kong and Shanghai Hotels, Mitsubishi Corporation, Mitsubishi Estate Co Ltd, the International Finance Corporation and the Asian Development Bank. The group is hoping Yoma Central as an ultramodern development utilizing environmentally sustainable architecture, which will become a prominent feature of Yangon's skyline for years to come. Together with the preservation of the iconic former headquarters of the Burma Railway Company, Yoma Central will set a new benchmark for real estate development in Myanmar upon completion in FY2021. It is an integrated real estate development with a total gross floor area of approximately 2.44 million square feet. It is designated by prominent architect, Cecil Balmond OBE and it will feature Peninsula branded luxury residences, the two Grade-A office towers, a business hotel, and serviced apartments, all of which are connected seamlessly by a retail podium. It is the renovation project of the former Myanmar Railway Headquarters to The Peninsula Yangon, a luxury hotel that will bring a new level of distinction to the Myanmar hospitality scene. The mixed-use development components of Yoma Central will be corporated by Yoma Strategic (48%), the Mitsubishi Companies (30%), FMI (12%), IFC (5%) and ADB (5%), respectively. The Peninsula Yangon component of Yoma Central will be held by Hongkong and Shanghai Hotels (70%), Yoma Strategic (24%) and FMI (6%). With the collaboration of international corporations and financiers, and an investment of more than US\$700 million, Yoma Central will be the largest foreign direct investment in Myanmar's real estate sector and will help to rejuvenate downtown Yangon, hoping to present exciting opportunities for

business and will become an important hub for the public.

Learnt From: Mizzima (February, 17, 2017)

Phase-2 of Pre-Sales Underway for Luxury Condominiums The Lake Suites



The Lake Suites Sales Exhibition at Myanmar Plaza

Phase-2 of pre-sales for Myanmar Center's luxury condominiums the Lake Suites were launched by Vietnamese conglomerate Hoang Anh Gia Lai (HAGL) Group on February 15th till 24th. The 30 Storey development was completed earlier this year and provides more than 600 apartments and parking space for 900 vehicles. The place is located next to Myanmar Plaza and Myanmar Centre Tower at Yankin Township. Units in Phase-2 vary in size with one bedroom apartments a total of 66 square meters, two bedroom units 88 square meters and three bedroom units 119 square meters. The Lake Suites have been built to a higher quality based on the requirements of urban lifestyle in regards to location, safety, and services including earthquake resistance technology. The project is one of 123 housing projects in Yangon approved by Yangon City Development Committee (YCDC). The development also includes leisure space for adults and children in the form of gardens, swimming pools and playgrounds. The construction will be completed in December, 2018.

Learnt From: Myanmar Business Today (February, 20, 2017)

Stalled housing projects in Yangon to resume

U Phyo Min Thein, Yangon's Chief Minister, made the comment at a regular meeting of Myanmar businessmen at UMFCCI that plans are under way to resume construction of stalled housing projects in Yangon Region. Foreign countries, including Japan, have proposed upgrading old housing projects in Yangon. There are some old housing projects offered by Japan and some other countries and the government has a plan to upgrade old housing projects in Yangon. As there is no building work is visible at some project, they are making the discussions to restart all old projects. To meet the need of civil servants and other people to allow them to live with peace of mind, Yangon government is trying to implement housing projects. There is also another plan of government-to-government cooperation, either with China or South Korea. This is because after land purchases involving private businessmen, some people found problems arose.

Learnt From: Eleven Myanmar (February, 21, 2017)

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